

Issue Paper Number 02-017



BOARD OF EQUALIZATION  
**KEY AGENCY ISSUE**

- ☐ Board Meeting
- ☐ Business Taxes Committee
- ☐ Customer Services and Administrative Efficiency Committee
- ☐ Legislative Committee
- ☒ Property Tax Committee
- ☐ Other

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**APPRAISER CERTIFICATION RULES**  
***PROPOSED PROPERTY TAX RULE 284 AND***  
***REVISIONS TO RULES 281, 282, AND 283***

**I. Issue**

Should the Board authorize publication of staff's proposed Property Tax Rule 284, *Retention and Revocation of Appraiser Certificate*, and revisions to Property Tax Rule 281, *"Appraiser" Defined*, Rule 282, *Temporary Certification*, and Rule 283, *Permanent Certification*?

**II. Staff Recommendation**

Staff recommends that proposed Property Tax Rule 284 and the amendments to Property Tax Rules 281, 282, and 283, shown in Attachment 1, be authorized for publication and submitted to the Office of Administrative Law for publication in the California Regulatory Notice Register.

**III. Other Alternative(s) Considered**

1. The Board could adopt the attached proposed amendments to Property Tax Rules 281, 282, and 283 as recommended by staff and adopt proposed Property Tax Rule 284 with alternate language for subsection (b) of that rule. The alternate language proposed by the California Assessors' Association (CAA), shown in Attachment 2 under the heading of "*CAA Proposal*," reflects its position on the method of crediting carry-over training hours.
2. The Board could adopt the attached proposed amendments to Property Tax Rules 281, 282, and 283 as recommended by staff and adopt proposed Property Tax Rule 284 with alternate language for subsections (c) (3) and (d) and the deletion of subsections (c) (4) through (c) (8) of Rule 284. This alternative, suggested by the California Taxpayers' Association (Cal-Tax), is shown in Attachment 3 under the heading of "*Cal-Tax Proposal*." The proposal bypasses the informal revocation procedures proposed by Board staff.

## IV. Background

Under Government Code section 15606, subdivision (c), the Board is given the authority to prescribe rules and regulations to govern local boards of equalization and assessment appeals boards when equalizing and county assessors when assessing. Pursuant to that authority, the Board directed staff to draft a new section of Title 18 of the California Code of Regulations, Subchapter 2, Assessment, to establish procedures for the revocation of appraisers' certificates in accordance with the requirements of Revenue and Taxation Code section 671. Regarding an appraiser's annual training requirements, subdivision (a) of section 671 states in part:

"Failure to receive such training shall constitute grounds for revocation of an appraiser's certificate, provided, however, that proceedings to revoke shall be conducted in accordance with the Administrative Procedure Act contained in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code."

Currently, no rules exist to interpret this part of the statute. The Administrative Procedure Act (APA) cited in section 671 sets forth procedures that are required only if the Board elects to pursue formal proceedings to revoke a certificate. The provisions of section 671, however, do not preclude the use of other means to remedy an appraiser's deficiency in meeting the annual training requirement. The procedures established by staff's proposed Rule 284 would ensure that the standards of due process are met when the Board determines that an appraiser has not met the training requirement.

As of July 31, 2002, preliminary training reports indicate that there are 2,646 active certified appraisers among the 58 counties and Board employees. Approximately 326 appraisers are reported to be deficient in training hours, with 173 appraisers showing deficiencies in training by at least their annual training requirement. The following chart breaks down these figures in more detail:

# Active Appraisers	Total Deficient	Permanent Status Deficiencies	>= 24 Hours Deficient*	Advanced Status Deficiencies	>=12 hours Deficient*
2,646	326 / 12.3%**	107 / 4%**	62 / 2.3%**	219 / 8.3%**	111 / 4.2%**

\* permanent status certificate requires 24 training hours; advanced status, 12 training hours

\*\* % represents percentage of total active certified appraisers

In the process of developing Rule 284, staff updated and clarified existing Rules 281 through 283 of Title 18 of the California Code of Regulations, Subchapter 2, Assessment. Most of the changes are minor and non-substantive. One noteworthy clarification, however, was made in Rule 283, subsection (a) (3) regarding the meaning of "relevant experience" as it pertains to qualifications for permanent certification. Staff worked with interested parties to reach agreement on the language in the proposed new rule and the revisions to the existing rules. The staff's proposed drafts represent concurrence among interested parties who participated in the project, with the exceptions noted below.

Consensus was reached on rule language by Board staff and the CAA, with the exception of the language in proposed Rule 284, subsection (b), which addresses training hour credits. Staff has interpreted the language of section 671 to mean that any training hours earned in a given year are first applied against that year's training requirement before any prior years' training credits may be counted. The CAA, on the other hand, believes section 671 is silent on the order in which prior years' training credits can be counted. The CAA contends that any carryover training hours should be applied to a current year's training requirement first, before any current year's training hours are counted. If the Board adopts proposed Rule 284 as recommended by Board staff, the CAA plans to propose legislation to amend section 671 to reflect its position on the method of crediting carryover training hours.

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Cal-Tax disagrees with Board staff's interpretation of section 671 and the resulting text in proposed Rule 284, subsection (c), related to the informal procedures in the revocation process. Cal-Tax contends that once an appraiser becomes deficient in training hours, formal proceedings set forth in the APA should be initiated to revoke the appraiser's certificate, opposing staff's recommendation that the appraiser be given the opportunity to rectify training deficiencies, as provided for in the informal revocation process. Although a representative from Cal-Tax was unable to attend the interested parties meeting, the issue raised by Cal-Tax is addressed in this issue paper.

**V. Staff Recommendation**

Staff recommends that the proposed Property Tax Rule 284 and the amendments to Property Tax Rules 281, 282, and 283, shown in Attachment 1, be authorized for publication and submitted to the Office of Administrative Law for publication in the California Regulatory Notice Register.

**A. Description of the Staff Recommendation**

The attached revisions to Rules 281, 282, and 283 and proposed Rule 284 were drafted by Board staff for use by the Board and county assessors' staffs to ensure uniformity throughout the California assessment community with respect to the certification of persons performing the duties of an appraiser for property tax purposes in the service of the state, a county, a city and county, or an appraisal commission. The drafted language of proposed Property Tax Rule 284 reflects Board staff's interpretation of section 671 and sets forth the informal process for appraiser's certificate revocation.

**B. Pros of the Staff Recommendation**

- The proposed amendments of Property Tax Rules 281, 282, and 283 will clear up ambiguity in the interpretation of these rules and update the language of these rules.
- Enactment of proposed Rule 284 will promote uniformity for the Board's and counties' appraisers regarding annual training requirements.
- The procedures established by proposed Rule 284 will provide for consistency, assuring that the standards of due process are met when the Board determines that an appraiser's certificate should be revoked.
- The formal hearing procedures of the APA support continued efforts to settle a matter prior to a hearing, which is accomplished through proposed Rule 284.

**C. Cons of the Staff Recommendation**

- Regarding proposed Rule 284, the CAA contends that:
  - (1) Section 671(a) is silent as to the order in which prior years' credits can be counted.
  - (2) If training hours for the current year are counted before any carryover training hours may be counted, the appraiser may lose training credits due to the two or three-year limit in which carryover time may be credited. This can be a disincentive to take further training until prior year's credits are used.

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- Cal-Tax contends that staff's proposed Rule 284 implies that an appraiser can violate the law and "the Board will do nothing about it," allowing an appraiser to retain a certificate after failing to receive the required training hours.

**D. Statutory or Regulatory Change**

Action by the Board on the attached Property Tax Rules will amend Title 18 of the California Code of Regulations, Subchapter 2, sections 281, 282, and 283, and add section 284.

**E. Administrative Impact**

Amendment of Property Tax Rules 281, 282, and 283 will have no administrative impact. Adoption of Property Tax Rule 284 will have an administrative impact as it will require a panel of Board staff to consult with appraisers who are deficient in training hours. At the onset of enacting Rule 284, the panel of Board staff may be required to schedule more time for meeting with appraisers deficient in training hours. Once these appraisers have begun a plan to bring their training requirements current, or have had their certificates revoked, Board staff's time spent for revocation procedures is anticipated to be fairly minimal.

**F. Fiscal Impact****1. Cost Impact**

Amendments to Rules 281, 282, and 283 will not result in additional workload for the State Board of Equalization or for county assessors' offices. The informal revocation process of Rule 284 proposed by staff will not have a cost impact to the Board; however, if the Board must proceed with formal revocation, processing costs would be incurred for each case. These costs include a filing fee for cases to be heard at an Office of Administrative Hearings (OAH) location and the hourly rates charged for an Administrative Law Judge (ALJ) and a court reporter.

During the first year after Rule 284 is enacted, the unfunded fiscal impact (detailed in Attachment 4) is estimated to be \$35,750 (25 cases X \$1,430/case). After the initial period in which Rule 284 is enacted and appraisers who are deficient in training hours have either rectified their deficiency or have had their certificates revoked, it is anticipated that there will be few, if any, appraisers who will proceed to the formal revocation process each year.

**2. Revenue Impact**

None

**G. Taxpayer/Customer Impact**

- Certified property appraisers employed by the state, any county, or city and county will be provided with procedures that meet the standards of due process when faced with the potential of having their appraiser's certificate revoked.
- Taxpayers will be ensured that appraisers who are rendering value judgments in the administration of the valuation phase of ad valorem property taxation under Article XIII and

XIII A of the California Constitution hold valid appraisers' certificates and have received the training required by Revenue and Taxation Code section 671.

## **H. Critical Time Frames**

Appraisers' training requirements are to be met for each fiscal year, commencing July 1 and ending June 30. For Rule 284 to have an impact on appraisers who are deficient in their training hours at the end of the 2002-2003 fiscal year, the Board should adopt the rule at its September 11, 2002 meeting. There is no critical time frame to adopt the proposed amendments to Rules 281, 282, and 283 as the proposed revisions are only clarifications to the existing rules.

## **VI. Alternative 1**

Adopt the proposed amendments to Property Tax Rules 281, 282, and 283 as recommended by staff and adopt Property Tax Rule 284 with alternate language for subsection (b) of that rule, shown in Attachment 2, under the heading of "CAA Proposal."

### **A. Description of the Alternative**

The alternative language for proposed Property Tax Rule 284 differs from staff's recommended language only in subsection (b), regarding how appraisers' training hours are credited. The CAA contends that Revenue and Taxation Code section 671(a), paragraphs one and two, and 671(b), paragraphs three and four is silent as to the order in which prior year's training hours can be counted.

Section 671 states in part:

"(a) In order to retain a valid appraiser's certificate, every holder shall complete at least 24 hours of training conducted or approved by the State Board of Equalization in each one-year period.

Any excess in training time over the 24-hour minimum accumulated in any one year shall be carried over as credit for future training requirements with a limit of three years in which the carryover time may be credited."

(The same language is used in section 671, subdivision (b), for an advanced appraiser's certificate, except that the training hour requirement is 12 hours per year.)

The CAA contends that any carryover training hours should be applied to a current year's training requirement first, before any current year's training hours are counted. (i.e. first in, first out). The CAA's proposed language (compared with staff's proposed language) is shown in strikeout and underline format in Attachment 2.

The CAA also believes that the statute ambiguously states that an appraiser "shall complete" a set number of hours in each one-year period, but goes on to state that excess training hours in any one year "shall be carried over as credit for future training requirements with a limit of \_\_\_ years in which the carryover time may be credited." The CAA asserts that if an appraiser has to complete the statutory requisite number of hours in each one-year period, the carryover provisions in the statute are rendered useless. The CAA believes that section 671 should be amended to clarify this

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language; however, in the interim, for purposes of Rule 284, training credits should be counted strictly on a first in, first out basis.

**B. Pros of Alternative 1**

If training hours were counted on a first-in, first-out basis, appraisers would be encouraged to participate in more training, provided the hours are credited within the two or three year time frame specified in section 671.

**C. Cons of Alternative 1**

Board staff believes that section 671 is not ambiguous regarding the counting of training hours and that the proposed language for Rule 284 (b) in Alternative 1 does not reflect the legislative intent of section 671.

**D. Statutory or Regulatory Change**

Action by the Board on the attached Property Tax Rules will amend Title 18 of the California Code of Regulations, Subchapter 2, sections 281, 282, and 283, and add section 284 with the language as shown in Alternative 1.

**E. Administrative Impact**

Amendment of Property Tax Rules 281, 282, and 283 will have no administrative impact. Adoption of proposed Property Tax Rule 284 will have an administrative impact as it will require a panel of Board staff to consult with appraisers who are deficient in training hours. At the onset of enacting Rule 284, the panel of Board staff may be required to schedule more time for meeting with appraisers deficient in training hours. Once these appraisers have begun a plan to bring their training requirements current, or have had their certificates revoked, Board staff's time spent for revocation procedures is anticipated to be fairly minimal.

**F. Fiscal Impact****1. Cost Impact**

Amendments to Rules 281, 282, and 283 will not result in additional workload for the State Board of Equalization or for county assessors' offices. As in staff's proposal, once it is determined that an appraiser is deficient in training hours, the informal revocation process of Rule 284 proposed by staff will not have a cost impact to the Board; however, if the Board must proceed with formal revocation, processing costs would be incurred for each case. These costs include a filing fee for cases to be heard at an OAH location and the hourly rates charged for an ALJ and a court reporter.

The fiscal impact of Alternative 1 would be similar to those discussed under the Staff Recommendation section, except that fewer appraisers may need to undergo formal revocation proceedings if the method of counting carryover hours as proposed in Alternative 1 is adopted (first-in, first-out). During the first year after Rule 284 is enacted, the unfunded fiscal impact (detailed in Attachment 4) is estimated to be \$20,020 (14 cases X \$1,430/case). After the initial period in which Rule 284 is enacted and appraisers who are deficient in training hours have

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either rectified their deficiency or have had their certificates revoked, it is anticipated that there will be few, if any, appraisers who will proceed to the formal revocation process each year.

**2. Revenue Impact**

None

**G. Taxpayer/Customer Impact**

Taxpayer/customer impact of Alternative 1 will be the same as that under the Staff Recommendation section.

**H. Critical Time Frames**

Appraisers' training requirements are to be met for each fiscal year, commencing July 1 and ending June 30. For Rule 284 to have an impact on appraisers who are deficient in their training hours at the end of the 2002-2003 fiscal year, the Board should adopt the rule at its September 11, 2002 meeting. There is no critical time frame to adopt the proposed amendments to Rules 281, 282, and 283 as the proposed revisions are only clarifications to the existing rules.

**VII. Alternative 2**

Adopt the proposed amendments to Property Tax Rules 281, 282, and 283 as recommended by staff and adopt Property Tax Rule 284 with alternate language, shown in Attachment 3, under the heading of Cal-Tax Proposal.

**A. Description of the Alternative**

Regarding proposed Rule 284, Cal-Tax contends that section 671(a) does not provide for the procedures proposed by staff for curing a training hours deficiency, allowing an appraiser to retain a certificate after the failure to receive the required training hours. Cal-Tax states "At that point, the certificate should be revoked, period." Cal-Tax further states that paragraphs (7) and (8) in subdivision (c) of proposed Rule 284 are particularly unwelcome as they imply that persons can violate the law and the Board will do nothing about it. Cal-Tax points out that the language in section 671 reads "shall" instead of "may" and that the reason for the hearing on the revocation is to allow an appraiser to show that, in fact, the training had been completed but if it has not been fulfilled, the Board must move for revocation.

**B. Pros of Alternative 2**

Proposed Rule 284, Alternative 2, follows a strict interpretation of section 671.

**C. Cons of Alternative 2**

- Proceeding immediately to APA procedures for appraiser certificate revocation involving a formal hearing in front of an ALJ does not allow an appraiser due process, whereas the informal revocation process, as set forth in staff's proposed Rule 284 (c), does provide for due process.

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- Section 671 provides that failure to complete the required training "shall constitute *grounds* for revocation" only and does not mandate that a revocation occur.
- The formal procedures of the APA support continued efforts to settle a matter prior to a hearing before an ALJ. If that can be accomplished, the time and cost of formal hearings would be far less than it would be if the Board were to adopt Alternative 2.

**D. Statutory or Regulatory Changes**

Action by the Board on the attached Property Tax Rules will amend Title 18 of the California Code of Regulations, Subchapter 2, sections 281, 282, and 283, and add section 284 with the language as proposed in Alternative 2.

**E. Administrative Impact**

Amendment of Property Tax Rules 281, 282, and 283 will have no administrative impact. Adoption of Property Tax Rule 284, with Alternative 2 language, will have an administrative impact. It will require Board staff's time to prepare and serve formal pleadings stating the acts or omissions of the appraisers and the statutes violated.

**F. Fiscal Impact****1. Cost Impact**

Amendments to Rules 281, 282, and 283 will not result in additional costs for the Board of Equalization or for county assessors' offices. However, the formal revocation process has a cost impact. These costs include a filing fee for cases to be heard at an OAH location and the hourly rate charged for an ALJ.

The unfunded, non-absorbable cost impact of Rule 284, with the language proposed in Alternative 2, to the Board for the formal revocation process is estimated to be \$247,390 (173 cases X \$1,430/case, detailed in Attachment 4).

After the initial period in which Rule 284 is enacted and appraisers become aware of the ramifications of being deficient in training hours, it is anticipated that there will be few, if any, appraisers who proceed to the formal revocation process each year.

**2. Revenue Impact**

None

**G. Taxpayer/Customer Impact**

- If Rule 284, Alternative 2, is adopted, certified property appraisers employed by the state, any county, or city and county will not be provided with adequate procedures that meet the standards of due process when faced with the potential of having their appraiser's certificate revoked, which may impact the appraiser's right to continued employment.



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- Taxpayers will be ensured that appraisers who are rendering value judgments in the administration of the valuation phase of ad valorem property taxation under Articles XIII and XIII A of the California Constitution hold valid appraisers' certificates and have received the training required by Revenue and Taxation Code section 671.

**H. Critical Time Frames**

Appraisers' training requirements are to be met for each fiscal year, commencing July 1 and ending June 30. For Rule 284 to have an impact on appraisers who are deficient in their training hours at the end of the 2002-2003 fiscal year, the Board should adopt the rule at its September 11, 2002 meeting. There is no critical time frame to adopt the proposed amendments to Rules 281, 282, and 283 as the proposed revisions are only clarifications to the existing rules.

Prepared by: Property and Special Taxes Department; Assessment Policy and Standards Division  
Property Taxes Section, Legal Department

Current as of: August 23, 2002

**ATTACHMENT 1 - ISSUE PAPER 02-017**  
**BOARD STAFF RECOMMENDED PROPOSAL**

**1    Rule 281.        "APPRAISER" DEFINED.**

2    *Reference:*        Sections 670, 673, and 1716, Revenue and Taxation Code.

3    An appraiser for property tax purposes within the meaning of sections 670 through 673 of the  
4    Revenue and Taxation Code is a person employed by ~~an employee of~~ the state, a county, ~~or~~ a city  
5    and county, or an appraisal commission who renders value judgments and/or who makes building  
6    classification judgments for cost estimating purposes in the administration of the valuation phase of  
7    ad valorem property taxation under Article XIII and Article XIII A, sections 1, 2, 9, 14, 17, 18, 19  
8    ~~and 24~~ of the California Constitution. ~~"Appraiser" includes persons who make building~~  
9    ~~classification judgments for cost estimating purposes and auditors or auditor appraisers who render~~  
10    ~~market value judgments. It does not include elected officials.~~

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**Rule 282.      TEMPORARY CERTIFICATION.**

*Reference:*      Section 24002.5, Government Code, and Sections 670, 673, Revenue and Taxation Code.

(a)      A person shall not perform the duties of an appraiser, as defined in ~~section-regulation~~ 281, unless the person has been issued a temporary or permanent certificate by the Board, nor shall the person continue to perform such duties for more than a year (excluding any break in service as an appraiser of less than six months which is reported to the Board) without having been permanently certified.

(b)      The board shall issue a temporary certificate to any other person employed to perform the duties of an appraiser for property tax purposes in the service of the state, a county, ~~or a~~ city and county, or an appraisal commission, if the person meets the minimum qualifications set out in ~~section 283(a)-subsection (a) of regulation 283~~ or has equivalent qualifications which, in the opinion of both the assessor and the Board, demonstrate that the person is competent to perform the work of an appraiser. The assessor shall submit such qualifications to the Board on a form supplied by the Board.

(c)      ~~Within No later than~~ 30 days of ~~election or appointment taking office, any person who has been elected or appointed as assessor shall request and upon request,~~ the Board shall issue a temporary certificate to ~~any person who has been elected or appointed as assessor~~ such individual.

(d)      A temporary certificate is suspended when the person to whom it was issued ceases to perform the duties of an appraiser for property tax purposes but is automatically reinstated when the person again performs such duties with less than a six months' break in service. When there is a break in service of six months or more, another temporary certificate must be issued, under the provisions of subsection (b), and such certificate shall be valid for one year thereafter.

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**Rule 283. PERMANENT CERTIFICATION.**

*Reference:* Sections 670, 673, Revenue and Taxation Code.  
Section 24002.5, Government Code.

(a) The Board shall issue a permanent certificate to any person employed to perform the duties of an appraiser for property tax purposes in the ~~state service or in the service of the state,~~ a county, ~~or a~~ city and county, or an appraisal commission who, within one year of employment, attains a passing grade ~~in an~~ on a certification examination prepared or approved by the Board and who meets the following minimum qualifications:

(1) The person is currently employed by, or has a bona fide employment offer from, the Board, a county assessor, ~~or a~~ city and county assessor, or ~~a county an~~ appraisal commission, and

(2) Either the person is a graduate of an accredited four-year institution of higher education, or

(3) The person has graduated from high school (or has the equivalent of a high school education as determined by the taking of a general educational development test ~~administered by an official general educational development center~~ approved by the ~~Bureau of Readjustment Education of the~~ California Department of Education) and has four years of relevant experience. "Relevant experience" means employment experience within the last ten years in any of the following occupations:

(A) an accountant, auditor, real property appraiser, building cost estimator, engineer, real estate loan agent, real estate loan underwriter, right-of-way agent, licensed building contractor, or

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(B) a real estate licensee, licensed by the California Department of Real Estate, engaged in buying, selling, leasing, or managing real estate, or

(C) an appraiser aide or appraiser trainee in an assessor's office or in the property taxes department of the Board, or

(D) an employee, other than an appraiser, of an assessor's office or of the property taxes department of the Board, except that ~~only 2/3 of~~ such employment time shall be limited to qualifying for only 2/3 of the four-year experience requirement. deemed-qualifying-employment experience. ~~The remaining 1/3 of time shall be accumulated by other relevant experience as described in subparagraphs (A), (B), and (C) above or by education in an accredited institution of higher education.~~

Four years of relevant experience or any combination ~~of four years~~ of relevant experience and education in an accredited institution of higher education totaling four years can be substituted for the educational requirement in subsection (a) (2). When fewer than four years of education in an accredited institution of higher education are used to meet the minimal qualifications, the number of qualifying years or fractions thereof shall be determined by the number of units in which passing grades were received. One year of education requirement shall consist of either 30 semester units or 45 quarter units. The qualifications of the person seeking permanent certification in this manner shall be submitted on a form supplied by the Board when the person files the application.

(b) When a person has been temporarily certified under subsection (b) of ~~Section-regulation~~ 282 by reason of equivalent qualifications or under subsection (c) of ~~Section-regulation~~ 282 by reason of election or appointment as assessor, the person shall be admitted to the examination referred to in

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1 subsection (a). Upon receiving a passing grade in the examination, the person shall be issued a  
2 permanent certificate by the Board.

3 (c) A permanent certificate is suspended when the person to whom it was issued terminates  
4 employment ~~by~~ with the Board, ~~by~~ a county assessor, ~~or a~~ city and county assessor, or ~~by a county~~  
5 ~~reappraisal~~ an appraisal commission, but it is automatically reinstated when the person is again  
6 employed to perform the duties of an appraiser for property tax purposes in the ~~state~~ service of any  
7 of these offices ~~or in the service of any county or city and county~~.

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**Rule 284. RETENTION AND REVOCATION OF APPRAISER CERTIFICATE.**

(a) A person who holds a permanent certificate to perform the duties of an appraiser for property tax purposes in the service of the state, a county, a city and county, or an appraisal commission shall adhere to the annual training requirements as set forth in section 671 of the Revenue and Taxation Code. The training requirement for an appraiser's certificate or advanced appraiser's certificate shall be met for each fiscal year, commencing July 1 and ending June 30. Failure to obtain such training shall constitute grounds for revocation of the appraiser's certificate or advanced appraiser's certificate.

(b) In calculating the number of training hours completed for the current fiscal year, the hours earned from attending training in that fiscal year shall be counted first. Any training hours in excess of the annual requirement shall be applied to a future year only after the training hours earned in the current fiscal year have been counted.

(1) To retain an appraiser's certificate, excess training hours over the 24-hour annual requirement may be carried forward as a credit a maximum of three years, with a maximum of 72 training hours available for carryover into future years.

(2) To retain an advanced appraiser's certificate, excess training hours over the 12-hour annual requirement may be carried forward as a credit a maximum of two years, with a maximum of 24 training hours available for carryover into future years.

Excess training hours carried forward from prior years shall be applied on a first in/first out basis, such that training hours available from the earliest year of carryover shall be credited first to eliminate any deficiency in the current fiscal year.

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(c) The Board shall initiate informal revocation procedures if, upon review of an individual's annual training report, the appraiser appears to be deficient in meeting the annual training requirement. The steps of the informal revocation process are as follows:

(1) A letter will be sent to the appraiser who appears to have deficient training hours and to the assessor of the county or the city and county where the appraiser is employed or to the appropriate Board division chief. The assessor or division chief shall indicate whether or not the person is still employed by that office as an appraiser and, if applicable, should note whether the appraiser has transferred to another county, city and county, or Board division or if the person is no longer employed by any of these offices as an appraiser.

(2) The letter sent to the appraiser will be accompanied by a report of the training and respective hours completed by the individual so that the appraiser will have an opportunity to reconcile his or her records with the report. If training has been completed but has not been included on the training report, the name of the course, date and proof of completion, and training hours earned must be submitted. For non-Board provided courses, a course outline or seminar agenda must also be submitted. Written corrections and/or changes to the report must be submitted no later than 30 calendar days after receipt of the letter advising the appraiser of the deficiency in training hours. No later than 30 calendar days after the receipt of this information, Board staff will review the information submitted and make necessary changes to the appraiser's training hours, if warranted, and notify the appraiser whether or not the corrections and/or changes have been accepted. A copy of the revised training report will be sent to the appraiser.

(3) If the appraiser is, in fact, deficient in training hours, a written plan on resolving the deficiency, as well as a plan for meeting the training requirements for the current fiscal year, must



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1 be submitted by the appraiser to the Board within 30 calendar days of receiving the above  
2 notification. The plan shall be submitted to the Board after the appraiser has consulted with and  
3 provided a copy of the plan to the assessor or Board division chief.

4 (4) If the Board does not receive a response by the specified date, Board staff will  
5 contact the appraiser to determine the reason for the lack of a response. If the written plan is not  
6 received within 10 calendar days from this follow-up contact date, a certified letter will be mailed  
7 to the appraiser advising him or her of a conference call or meeting with a panel of Board staff to  
8 remedy the deficiency. This letter will also be sent to the assessor or Board division chief and will  
9 indicate the date, time, and location (if applicable) of the conference call or meeting.

10 (5) During the conference call or meeting, the appraiser and the panel will discuss the  
11 training deficiencies and establish a plan to make up the deficiency and to satisfy the annual  
12 training requirements for the current fiscal year. The assessor or Board division chief, or their  
13 representative, may participate in the conference call or meeting. If the appraiser is unable to  
14 participate in the conference call or attend the meeting on the scheduled date, the appraiser must  
15 reschedule the conference call or meeting with the panel for a date within 30 calendar days of the  
16 originally scheduled date.

17 (6) If the appraiser presents an acceptable plan to the panel to make up the deficiencies,  
18 the Board shall notify the appraiser and the assessor or Board division chief. No further action  
19 will be taken unless the appraiser fails to meet the requirements of the plan by the deadline agreed  
20 upon by the parties.

21 (7) If the appraiser fails to participate in the conference call or attend the meeting with  
22 the panel or fails to follow the established plan, as set forth in subparagraphs (5) and (6) above,

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and remains delinquent at the end of the time frame specified, the panel will recommend to the Deputy Director of the Board's Property and Special Taxes Department, or his or her designee, that proceedings be initiated to revoke the appraiser's certificate. If such a recommendation is made, the Deputy Director, or his or her designee, will arrange and meet with the panel and the appraiser to determine if formal revocation procedures should be pursued or if the panel and the appraiser should establish a new plan to make up the training deficiency. The assessor or Board division chief, or their representative, may also attend this meeting.

(8) After the Deputy Director, or his or her designee, meets with these parties, a certified letter will be sent to the appraiser and the assessor or division chief regarding the Deputy Director's (or his or her designee's) decision.

(d) The Board shall initiate formal revocation proceedings if the Deputy Director, or his or her designee, determines that the foregoing informal revocation process could not satisfactorily resolve the appraiser's deficiency in training hours. Formal revocation proceedings shall be conducted in a hearing before an administrative law judge in accordance with the Administrative Procedure Act contained in Chapter 9 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) The Board shall prescribe the contents of a form that provides for holders of certificates to report the training and respective hours completed each fiscal year. Reporting required by this subsection shall be effective as of the fiscal year commencing July 1, 2003.

Note: Authority: Section 15606, Government Code.

*Reference:* Sections 670 and 671, Revenue and Taxation Code.

**ATTACHMENT 2 - ISSUE PAPER 02-017**  
**LANGUAGE DIFFERENCES REGARDING PROPERTY TAX RULE 284**  
**"CAA PROPOSAL"**

**Rule 284. RETENTION AND REVOCATION OF APPRAISER CERTIFICATE.**

(a) A person who holds a permanent certificate to perform the duties of an appraiser for property tax purposes in the service of the state, a county, a city and county, or an appraisal commission shall adhere to the annual training requirements as set forth in section 671 of the Revenue and Taxation Code. The training requirement for an appraiser's certificate or advanced appraiser's certificate shall be met for each fiscal year, commencing July 1 and ending June 30. Failure to obtain such training shall constitute grounds for revocation of the appraiser's certificate or advanced appraiser's certificate.

(b) In calculating the number of training hours completed for the current fiscal year, ~~the hours earned from attending training in that fiscal year shall be counted first~~ any excess hours earned from attending training in prior years shall be counted first. ~~Any training hours in excess of the annual requirement shall be applied to a future year only after the training hours earned in the current fiscal year have been counted.~~

(1) To retain an appraiser's certificate, excess training hours over the 24-hour annual requirement may be carried forward as a credit a maximum of three years, with a maximum of 72 training hours available for carryover into future years.

(2) To retain an advanced appraiser's certificate, excess training hours over the 12-hour annual requirement may be carried forward as a credit a maximum of two years, with a maximum of 24 training hours available for carryover into future years.

*Note: Lines 9-13 above reflect the only language differences between the CAA's proposal and Board staff's recommended proposal. See staff's proposal for Rule 284, in its entirety, on pages 6 -9 of Attachment 1.*

**ATTACHMENT 3 - ISSUE PAPER 02-017**  
**LANGUAGE DIFFERENCES REGARDING PROPERTY TAX RULE 284**  
***"CAL-TAX PROPOSAL"***

**Rule 284. RETENTION AND REVOCATION OF APPRAISER CERTIFICATE.**

(a) A person who holds a permanent certificate to perform the duties of an appraiser for property tax purposes in the service of the state, a county, a city and county, or an appraisal commission shall adhere to the annual training requirements as set forth in section 671 of the Revenue and Taxation Code. The training requirement for an appraiser's certificate or advanced appraiser's certificate shall be met for each fiscal year, commencing July 1 and ending June 30. Failure to obtain such training shall constitute grounds for revocation of the appraiser's certificate or advanced appraiser's certificate.

(b) In calculating the number of training hours completed for the current fiscal year, the hours earned from attending training in that fiscal year shall be counted first. Any training hours in excess of the annual requirement shall be applied to a future year only after the training hours earned in the current fiscal year have been counted.

(1) To retain an appraiser's certificate, excess training hours over the 24-hour annual requirement may be carried forward as a credit a maximum of three years, with a maximum of 72 training hours available for carryover into future years.

(2) To retain an advanced appraiser's certificate, excess training hours over the 12-hour annual requirement may be carried forward as a credit a maximum of two years, with a maximum of 24 training hours available for carryover into future years.

Excess training hours carried forward from prior years shall be applied on a first in/first out basis, such that training hours available from the earliest year of carryover shall be credited first to eliminate any deficiency in the current fiscal year.

**ATTACHMENT 3 - ISSUE PAPER 02-017**  
**LANGUAGE DIFFERENCES REGARDING PROPERTY TAX RULE 284**  
***"CAL-TAX PROPOSAL"***

(c) The Board shall initiate informal revocation procedures if, upon review of an individual's annual training report, the appraiser appears to be deficient in meeting the annual training requirement. The steps of the informal revocation process are as follows:

(1) A letter will be sent to the appraiser who appears to have deficient training hours and to the assessor of the county or the city and county where the appraiser is employed or to the appropriate Board division chief. The assessor or division chief shall indicate whether or not the person is still employed by that office as an appraiser and, if applicable, should note whether the appraiser has transferred to another county, city and county, or Board division or if the person is no longer employed by any of these offices as an appraiser.

(2) The letter sent to the appraiser will be accompanied by a report of the training and respective hours completed by the individual so that the appraiser will have an opportunity to reconcile his or her records with the report. If training has been completed but has not been included on the training report, the name of the course, date and proof of completion, and training hours earned must be submitted. For non-Board provided courses, a course outline or seminar agenda must also be submitted. Written corrections and/or changes to the report must be submitted no later than 30 calendar days after receipt of the letter advising the appraiser of the deficiency in training hours. No later than 30 calendar days after the receipt of this information, Board staff will review the information submitted and make necessary changes to the appraiser's training hours, if warranted, and notify the appraiser whether or not the corrections and/or changes have been accepted. A copy of the revised training report will be sent to the appraiser.

(3) If the appraiser is, in fact, deficient in training hours, Board staff will recommend to the Deputy Director of the Board's Property and Special Taxes Department, or his or her designee,

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**LANGUAGE DIFFERENCES REGARDING PROPERTY TAX RULE 284**  
**"CAL-TAX PROPOSAL"**

~~that proceedings be initiated to revoke the appraiser's certificate. a written plan on resolving the deficiency, as well as a plan for meeting the training requirements for the current fiscal year, must be submitted by the appraiser to the Board within 30 calendar days of receiving the above notification. The plan shall be submitted to the Board after the appraiser has consulted with and provided a copy of the plan to the assessor or Board division chief.~~

~~(4) If the Board does not receive a response by the specified date, Board staff will contact the appraiser to determine the reason for the lack of a response. If the written plan is not received within 10 calendar days from this follow up contact date, a certified letter will be mailed to the appraiser advising him or her of a conference call or meeting with a panel of Board staff to remedy the deficiency. This letter will also be sent to the assessor or Board division chief and will indicate the date, time, and location (if applicable) of the conference call or meeting.~~

~~(5) During the conference call or meeting, the appraiser and the panel will discuss the training deficiencies and establish a plan to make up the deficiency and to satisfy the annual training requirements for the current fiscal year. The assessor or Board division chief, or their representative, may participate in the conference call or meeting. If the appraiser is unable to participate in the conference call or attend the meeting on the scheduled date, the appraiser must reschedule the conference call or meeting with the panel for a date within 30 calendar days of the originally scheduled date.~~

~~(6) If the appraiser presents an acceptable plan to the panel to make up the deficiencies, the Board shall notify the appraiser and the assessor or Board division chief. No further action will be taken unless the appraiser fails to meet the requirements of the plan by the deadline agreed upon by the parties.~~

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**LANGUAGE DIFFERENCES REGARDING PROPERTY TAX RULE 284**  
**"CAL-TAX PROPOSAL"**

~~(7) If the appraiser fails to participate in the conference call or attend the meeting with the panel or fails to follow the established plan, as set forth in subparagraphs (5) and (6) above, and remains delinquent at the end of the time frame specified, the panel will recommend to the Deputy Director of the Board's Property and Special Taxes Department, or his or her designee, that proceedings be initiated to revoke the appraiser's certificate. If such a recommendation is made, the Deputy Director, or his or her designee, will arrange and meet with the panel and the appraiser to determine if formal revocation procedures should be pursued or if the panel and the appraiser should establish a new plan to make up the training deficiency. The assessor or Board division chief, or their representative, may also attend this meeting.~~

~~(8) After the Deputy Director, or his or her designee, meets with these parties, a certified letter will be sent to the appraiser and the assessor or division chief regarding the Deputy Director's (or his or her designee's) decision.~~

(d) The Board shall initiate formal revocation proceedings if the Deputy Director, or his or her designee, makes a determination that such proceedings are appropriate. determines that the foregoing informal revocation process could not satisfactorily resolve the appraiser's deficiency in training hours.—A certified letter will be sent to the appraiser and the assessor or Board division chief regarding the Deputy Director's (or his or her designee's) decision. Formal revocation proceedings shall be conducted in a hearing before an administrative law judge in accordance with the Administrative Procedure Act contained in Chapter 9 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

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**LANGUAGE DIFFERENCES REGARDING PROPERTY TAX RULE 284**  
***"CAL-TAX PROPOSAL"***

1    **(e)**     The Board shall prescribe the contents of a form that provides for holders of certificates to  
2    report the training and respective hours completed each fiscal year. Reporting required by this  
3    subsection shall be effective as of the fiscal year commencing July 1, 2003.

4    Note: Authority: Section 15606, Government Code.

5         *Reference:* Sections 670 and 671, Revenue and Taxation Code.



## ATTACHMENT 4 - DETAILS OF COST IMPACT ISSUE PAPER 02-017

Each case that proceeds to a formal hearing requires a \$60 filing fee, which includes the opening of the file, the filing and processing of documents, the calendaring of the hearing, and the closing of the file. The hourly rates for ALJs is \$160. Time is charged for such matters as the ALJ's travel time, time spent at the hearing, and for time in drafting a decision.

The following are the estimated costs per case that undergo a formal revocation hearing:

\$60	Filing fee		per case	=	\$ 60
8	Hours/case	X	\$160 per hour (ALJ)	=	\$ 1,280
2	Hours/case	X	\$ 45 per hour (court reporter)	=	\$ 90
Estimated Revocation Cost per Appraiser					= <u>\$ 1,430</u>

As of July 31, 2002, preliminary training reports indicate that there are approximately 326 appraisers who are deficient in training hours. Of those who have been identified as being deficient, 53% or 173 permanent and advanced appraisers are deficient in training hours by at least their minimal annual requirements (e.g., 62 permanent appraisers are at least 24 hours deficient and 111 advanced appraisers are at least 12 hours deficient). These 173 appraisers are those individuals that may be subjected to informal revocation proceedings. Staff believes that the other 153 appraisers who are deficient by less than their annual training requirement would, in most cases, be able to rectify their deficiency within a year's time, avoiding the informal revocation proceedings.

### Costs Under Staff Recommendation

Of those 173 appraisers who are deficient in training hours at least by their minimal annual requirements, it is estimated that only 25 appraisers, or approximately 15%, will require further action to revoke a certificate, such that during the initial period after Rule 284 is enacted, the fiscal impact under staff recommendation is estimated to be \$35,750 (25 cases X \$1,430/case).

### Costs under the CAA Recommendation (Alternative 1)

The fiscal impact of Alternative 1 would be similar to those discussed under the Staff Recommendation section, except that fewer appraisers may need to undergo formal revocation proceedings if the method of counting carryover hours as proposed in Alternative 1 is adopted (first-in, first-out).

Of those 173 appraisers who are deficient in training hours by at least their minimal annual requirements, it is estimated that only 14 appraisers, or approximately 8%, will require further action to revoke a certificate, such that during the initial period after Rule 284 is enacted, the fiscal impact under the CAA recommendation is estimated to be \$20,020 (14 cases X \$1,430/case).

### Costs under the Cal-Tax Recommendation (Alternative 2)

Based on the estimated 173 appraisers who are reported to be deficient in their training hours by at least their minimal annual requirements, all 173 appraisers will be required to undergo formal

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revocation procedures if the proposal set forth in Alternative 2 were to be adopted. During the initial period after Rule 284 is enacted, the fiscal impact under the Cal-Tax recommendation is estimated to be \$247,390 (173 cases X \$1,430/case).

**Summary of Costs**

During the first year after Rule 284 is enacted, the fiscal impact under each recommendation is estimated to be as follows:

<b>Cost Impact Under Staff Recommendation</b>	<b>Cost Impact Under the CAA Recommendation (Alternative 1)</b>	<b>Cost Impact Under Cal-Tax Recommendation (Alternative 2)</b>
25 Appraisers X \$1,430 = \$35,750	14 Appraisers X \$1,430 = \$20,020	176 Appraisers X \$1,430 = \$247,390

After the initial period in which Rule 284 is enacted and appraisers who are deficient in training hours have either rectified their deficiency or have had their certificates revoked, it is anticipated that only a few appraisers, if any, will proceed to the formal revocation process each year under each recommendation, minimizing the processing cost impact of implementing the statutory authority given to the Board under section 671.